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THE Wheat SITUATION

1950 OUTLOOK ISSUE
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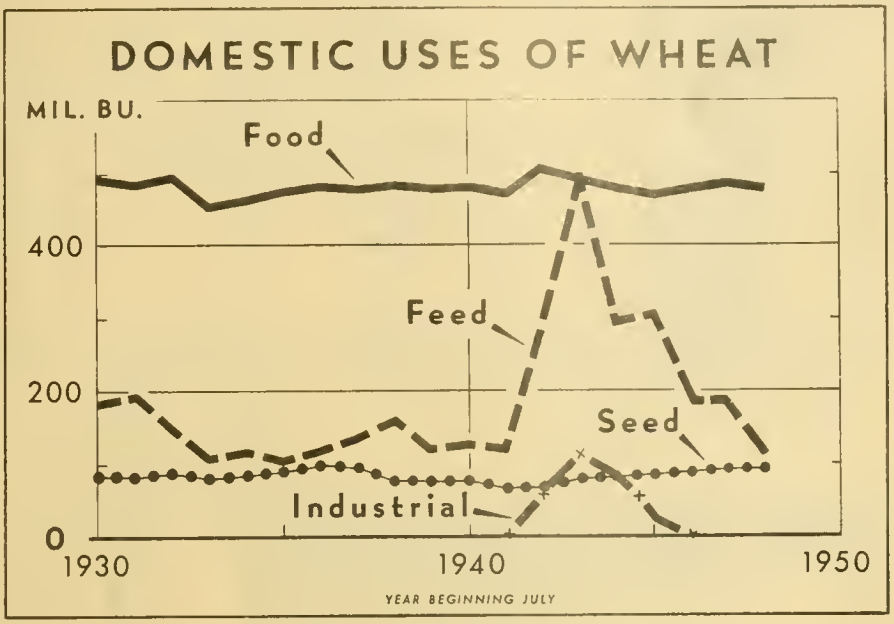
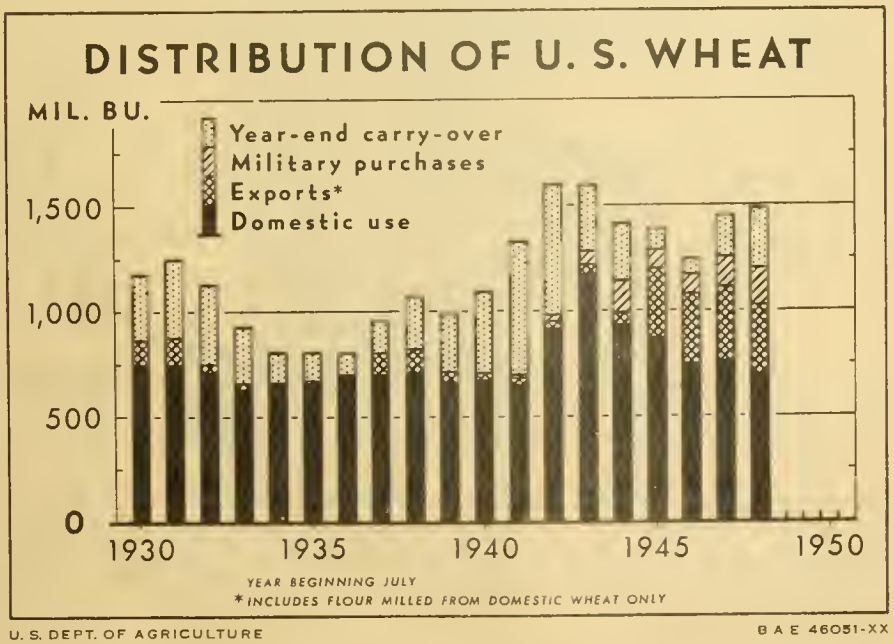
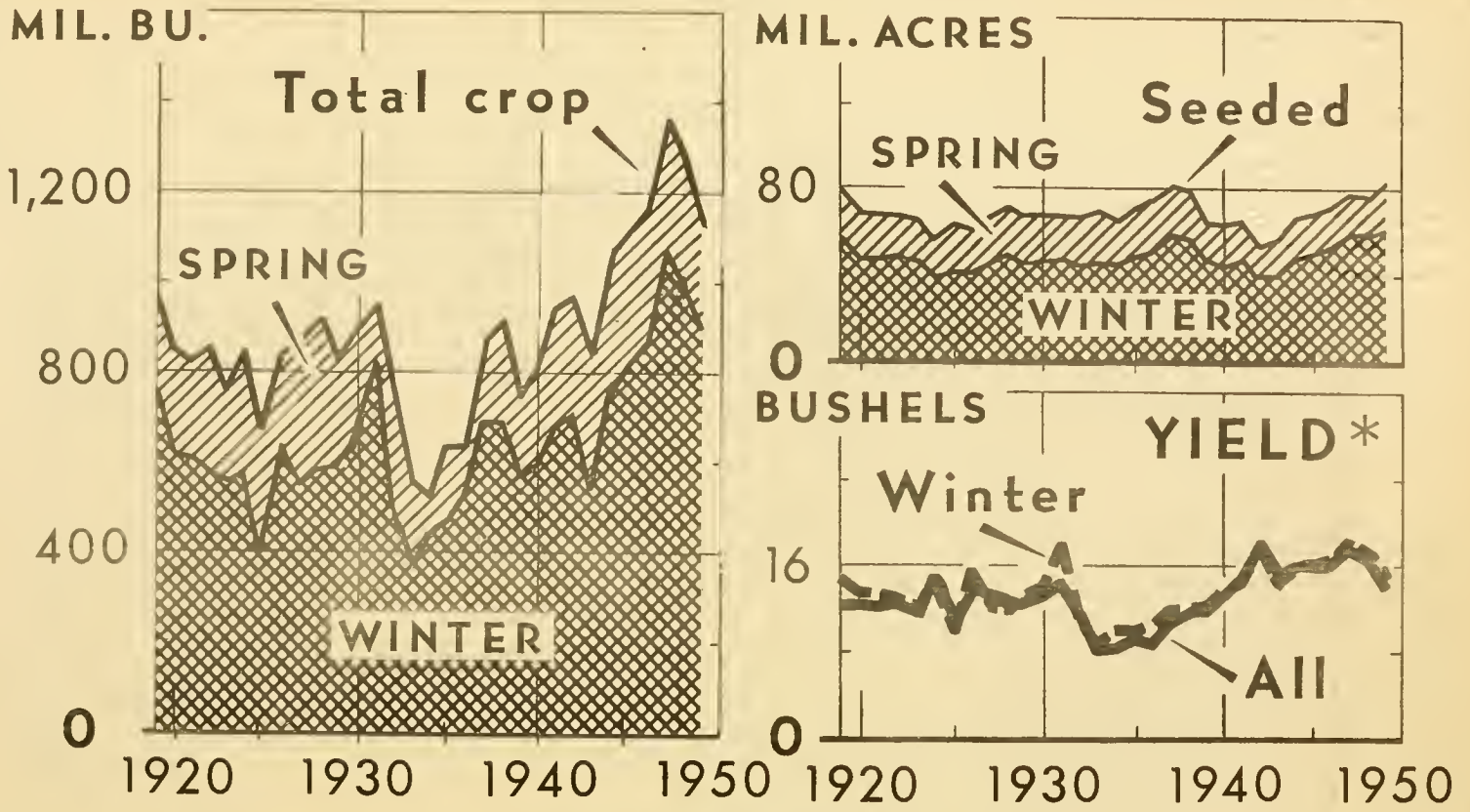




Wheat supplies in 1949-50 are estimated at 1,425 million bushels, 59 million below 1948-49. Domestic disappearance is expected to total about 700 million bushels. If the total of exports and military purchases approach 450 million bushels, the carryover July 1, 1950 would be about the same as the 293 million bushels on July 1, 1949. It is expected that food use will be about the same, feed slightly more, and seed slightly less than in 1948-49.

WHEAT PRODUCTION



DATA FOR YEAR OF HARVEST
** PER SEEDED ACRE*

U. S. DEPT. OF AGRICULTURE

B A E 42549-XX

Production of all wheat, indicated as of August 1 at 1,132 million bushels, is the fourth largest of record. Large crops in the 8 years ending with 1948 reflected very good yields per acre. Yields in 1949 were 13.6 bushels compared with the 1939-48 average of 15.6 bushels.

Seeded acreage for the 1949 crop at 83.2 million acres was an all-time record. This compares with the previous record of 80.8 million acres in 1937. The national acreage allotment for 1950, as announced originally, was 68.9 million acres, a 17 percent reduction from seedings for the 1949 crop. With moderate allowances for overplanting and increases in individual allotments as required by Public Law 272, signed August 29, seeded acreage would be at least 73 million acres below the 1949 record of 83.2 million.

THE WHEAT SITUATION
- Including Rye -

Approved by the Outlook and Situation Board, August 26, 1949

SUMMARY OF THE OUTLOOK FOR WHEAT AND RYE

The 1950-51 outlook for wheat is characterized by a further moderate decline in wheat prices, acreage allotments for the first time since 1943, and relatively favorable export demand. Even though a 10-million acre reduction is possible in seedings for the 1950 crop, another billion-bushel crop is probable next year if weather conditions are normal. Exports may total 400 million bushels compared with a record of 500 million in 1948-49 and a 35-year average of about 170 million bushels. Domestic use will remain near 700 million bushels at prices perhaps 10 percent lower than those of 1949-50.

The national acreage allotment of 68.9 million acres for the 1950 crop, announced on July 14, will be increased as a result of recent Congressional action, which provides that farm allotments be not less than the larger of one-half of the 1949 or 1948 wheat acreage and fallow which was seeded to wheat in the preceding year, adjusted on the basis of the national reduction in acreage. While applicable to any farm in the U. S., the chief effect of this legislation will be to increase allotments in the drier areas of the Great Plains. The total effect of this change in allotment procedure will not be known until after each county has checked individual farms.

If a seeded acreage of about 73 million acres is assumed for the 1950 crop (which makes moderate allowances for increased allotments and overplanting), and average yields are obtained, a crop of about 1,100 million bushels would be produced. This would allow 700 million bushels for domestic uses and 400 million bushels for export. If exports total 400 million in 1950-51, the carry-over July 1, 1951 would not be increased as compared with July 1, 1950. Under these conditions, prices would be expected to average about the support level. Under existing legislation the support level may range from a minimum of about $1.65 to a maximum of about $1.75 per bushel, assuming a parity index of between 230 and 238. This compares with $1.95 for the 1949 crop.

A 1950 seeded acreage of 73 million would be about 10 million acres less than that seeded in 1949. Substantial changes in farming practices will be necessary in many areas to effect this reduction.

With most of our wheat produced in the Great Plains, the heavy adjustments will need to come from that area. About 73 percent of the record acreage seeded to wheat for the 1949 crop is in the 10 States from North Dakota and Montana south through Texas and New Mexico. Another 7 percent is in the three Pacific Northwest States, leaving only 20 percent of the national acreage in all other areas. Included in the possible alternative uses of wheat acreage, especially in the Great Plains States, are seeding to grasses, shifting to other crops, and increasing summer fallow.

For the past 7 years rye acreage and production have been small. This is largely because of the competition from other crops. While it is not practical to attempt to equal production of former years, more rye would be used if supplies were larger. With a reduction in wheat acreage in 1950 some increase in rye acreage is expected.

SUMMARY OF THE CURRENT WHEAT SITUATION

United States wheat supplies are now estimated at 1,425 million bushels. This is 59 million bushels less than the 1,484 million in 1948-49 but the fifth largest of record. The July 1 carry-over of old wheat was 293 million bushels and the crop was estimated in August at 1,132 million bushels -- a reduction of 57 million bushels from the 1,189 million indicated in July, but still the fourth largest crop of record. Domestic disappearance in the year beginning July 1, 1949 may total about 700 million so that about 725 million would be available for export in 1949-50 and carry-over July 1, 1950. If total exports approach 450 million, the carry-over July 1, 1950 would be about the same as the 293 million July 1, 1949.

Exports of wheat, including products as grain, in July 1949 totaled 30.5 million bushels, which compares with 49.4 million bushels a year earlier. Sales by the United States under the International Wheat Agreement August 1 through August 25 totaled 6.2 million bushels.

On August 26 prices at Kansas City were about 16 cents under the loan. This represented an advance from the low point reached on July 2 when No. 2 Hard Winter at Kansas City dropped to 35 cents under the loan rate. Last year the low point was about 18 cents under the loan. While hard winter wheat prices are not expected to change much within the near future, price advances are probable later in the season. Compared with hard winter wheat, receipts of soft winter wheat are moderately heavy and prices weaker. At Minneapolis on August 26, as the heavy market movement of early September approached, prices were about 7 cents below the loan.

Exports of wheat including flour in 1949-50 from the four principal exporting countries -- United States, Canada, Australia and Argentina -- may total almost as much as in 1948-49 when they were about 950 million bushels; during 1947-48 they were 935 million. Wheat stocks in these four countries on July 1, 1949 totaled 638 million bushels, over 100 million bushels above the 536 million a year earlier. While stocks this year cannot be considered large, they are 39 percent above the 1935-39 average of 458 million bushels.

The 1949 bread grain production in the Northern Hemisphere is expected to be about 5 percent below that of 1948. The reduction is largely the result of a smaller production of wheat, there being little net change in rye. The indicated wheat crop is slightly above the 1935-39 average while rye is 5 percent below. Sharply increased wheat production in the United States is largely responsible for keeping total wheat production in this Hemisphere above prewar levels.

In North America the current outlook is for a bread grain crop about 10 percent less than the large 1948 harvest but still far above average. While the wheat crop in the United States and the rye crop in both the United States and Canada are below a year ago, the Canadian wheat crop, officially estimated at 392 million bushels, is about the same as a year earlier.

Bread grain production in Europe, excluding Soviet Union, is about 5 percent below the 1948 total, and 13 percent below the 1935-39 average. In the Soviet Union, production of both wheat and rye is expected to be slightly larger than in 1948, but still well below prewar. Production of wheat in Asia is estimated to be about 12 percent smaller than last year's harvest, principally because of smaller crops in China and Turkey. Northern Hemisphere countries of Africa show a slight increase in wheat over last year. Most of the gain is in Tunisia where a good crop is reported after the poor harvest of 1948.

In the Southern Hemisphere, growing conditions in Argentina have been favorable. Seeding is now finished and little change from the small acreage of the past two years is expected. In Australia the crop is growing well but some sections need moisture. Acreage is estimated at 13.3 million acres, which compares with 13.0 last year and the 1935-39 average of 13.1 million.

THE OUTLOOK FOR THE 1950 WHEAT CROP

BACKGROUND.- The 1949 seeded acreage totaled 83.2 million acres, an all-time record (table 2). This compares with 77.7 million acres in 1948 and the previous record of 80.8 million acres in 1937. Actual seedings exceeded the goal for 1949 of 71.9 million acres by 16 percent.

An acreage allotment for 1950 resumes the procedure initiated with the Agricultural Adjustment Act of 1938 and maintained until the 1943 crop, when it was suspended because of the war emergency.

National Acreage Allotment for 1950 Increased

The national acreage allotment of 68.9 million acres 1/ for the 1950 crop, announced on July 14, will be increased as a result of recent Congressional action, which provides that farm allotments be not less than the larger of one-half of the 1949 or 1948 wheat acreage and fallow which was seeded to wheat in the preceding year, adjusted on the basis of the national reduction in acreage. 2/ While applicable to any farm in the U.S., the chief effect of the legislation will be to increase allotments in the drier areas of the Great Plains. The acreage added by this amendment will not be known until after each county has checked individual farms. However, it is expected that it will add over 2 million acres, bringing the national allotment to between 71 million and 72 million bushels.

1/ Determination of the 1950 allotment of 68.9 million acres was explained in The Wheat Situation of July 1949, page 8.

2/ Public Law 272, signed August 29, amended the Agricultural Adjustment Act of 1938 as amended, to provide that the farm acreage allotment of wheat for the 1950 crop for any farm shall not be less than the larger of (A) 50 percent of (1) the acreage on the farm seeded for the production of wheat in 1949, and (2) any other acreage seeded for the production of wheat in 1948 which was fallowed in 1949 and from which no crop was harvested in the calendar year 1949, or (B) 50 percent of (1) the acreage on the farm seeded for the production of wheat in 1948, and (2) any other acreage seeded for the production of wheat in 1947 which was fallowed in 1948 and from which no crop was harvested in the calendar year 1948, adjusted in the same ratio

(continued on page 6)

Acreage allotments are one method by which producers may bring supplies more nearly in line with demand and provide a limit to Government expenditures for supporting the price of wheat. With an acreage-allotment program in effect for the 1950 wheat crop, non-cooperating growers will not be entitled to price support.

At the time of announcing acreage allotments the Secreaary of Agriculture proclaimed that there would be no wheat marketing quotas for the 1950-51 marketing year. 3/ With the very large decline in the 1949 crop prospects, the total supply as projected for 1950-51 is less than the level at which the proclamation of wheat marketing quotas is required.

1950 Crop May Not Increase Carry-over:
Support Level under 1948 Act May Be Down 20-30 Cents

If an acreage of about 73 million acres is assumed (which makes moderate allowances for increased allotments and overplanting), and average yields of 15.1 bushels 4/ are obtained, a crop of about 1,110 million bushels would be produced. This would allow for 700 million bushels for domestic disappearance and 400 million bushels for export. If exports total this amount the carry-over July 1, 1951 would not be increased as compared with July 1, 1950.

Under these conditions, prices would be expected to average close to support levels. Under existing legislation the support level may range from a minimum of $1.65 to a maximum of $1.77 per bushel 5/.

(footnote 2 continued from page 5)
as the national average seedings for the production of wheat during the ten calendar years 1939-48 (adjusted as provided by the Agricultural Adjustment Act of 1938, as amended) bears to the national acreage allotment for wheat for the 1950 crop. This amendment also provides that in the determination of 1950 farm wheat acreage allotments by the application of this ratio that no acreage shall be included under (A) or (B) which the Secretary, by appropriate regulations, determines will become an undue erosion hazard under continued farming. It further provides that if the allotment to any county is insufficient to provide for such minimum farm allotments, the Secretary shall allot any county such additional acreage as may be necessary in order to provide for such minimum farm allotments.

3/ Had marketing quotas been proclaimed this year it would have been the fourth time in the history of the legislation governing their use. Quotas were proclaimed in 1941, 1942, and 1943. The required referendum resulted in a favorable vote in 1941 and 1942. In 1943 the quotas procedure was suspended because of the war emergency before a referendum was held.

4/ In recent years the trend has been toward higher yields per acre. This arises, not only because of favorable growing conditions, but from the increased use of more timely and improved production practices such as stubble mulch in the Great Plains; chemical control of weeds, insects and disease; and increased use of fertilizer; also from the development and more widespread adoption of higher yielding varieties: Average for 1938-47 was 15.1.

5/ Computations follow the procedure set up in the August 1948 issue of The Wheat Situation in the section on "The Agricultural Act of 1948 relative to wheat." Assumptions include: (1) An index of prices paid, interest and taxes June 15, 1950 between 230 and 238, the mid-point of which would be related to a parity (present formula basis) of about $2.07, (2) a transitional parity 95 percent of the present parity formula or $1.97, 90 percent of which

(continued on page 7)

Exports from U. S. in 1950-51 Expected To Be Reduced but Still Large

The tentative estimate for the United States exports in 1950-51 is about 400 million bushels, which compares with the record of 500 million bushels in 1948-49. Much will depend upon the size and distribution of the world crop. It is assumed that in 1950 agricultural output in Europe and Asia, and in other overseas exporting countries will be as large or larger than in 1949 and that about 75 million bushels may be exported from the U.S.S.R. and Eastern Europe. In addition to crop outturn, the financial and political role played by the United States in international affairs will continue to be very important in determining the quantity of U. S. exports.

Large scale exports began in late 1944. Until 1948-49, the abnormal world import needs for wheat exceeded the relatively large supply available for export in surplus producing countries. With good crops around the world, supplies in 1948-49 were large enough to about take care of effective demand, and the year thereby marks a turning point at which supplies will again allow for the rebuilding of stocks in some areas.

Since the end of the war, exports of wheat and flour from North America have been very large in relation to exports from Argentina and Australia. This was made possible by record crops in the United States at a time when production in Argentina and Australia was below average, especially in 1945 and 1946. The wheat acreage in the Argentine is still at an unusually low level.

FARMERS' ADJUSTMENTS IN WHEAT ACREAGE

Wheat farmers faced with the need for reducing U. S. wheat production are immediately confronted with two questions: What areas should be expected to make the greatest adjustments? What shifts can be made to advantage on indiviaual farms?

Most of our wheat production is located in the Great Plains. About 73 percent of the record acreage seeded to wheat for the 1949 crop, and 60 percent of the production expected from that crop is in the 10 States from North Dakota and Montana south through Texas and New Mexico (table 1). Another 7 percent of the acreage and 10 percent of the expected production is in the three Pacific Northwest States. This leaves only 20 percent of the national acreage and 30 percent of the total production in all other areas.

(footnote 5 continued from page 6)
is $1.77, which is the calculated maximum loan level for the 1950 crop; (3) a minimum support level of 70 percent, which is increased by 20 percent to 84 percent because acreage allotments are in effect; and (4) 84 percent of the transitional parity of $1.97 or $1.65, which is the calculated minimum loan level for the 1950 crop. The following were assumed in arriving at the 70 percent minimum support: (1) Domestic consumption 1949-50 of 700 million bushels; (2) exports in 1950-51 of 400 million; (3) allowance for carry-over of 15 percent of the total of (1) and (2), giving a normal supply of 1,265 million bushels; total supply in 1950-51 of 1,400 million bushels, which is 111 percent of the normal supply of 1,265 million, which percentage is related to a minimum support percentage of 70 percent.

Table 1.- Wheat: Acres seeded and production, United States and by region, selected averages and years

Period	United States	Great Plains 1/	North-west 2/	Corn Belt and Lake States 3/	South 4/	All other States
	Million acres	Million acres	Million acres	Million acres	Million acres	Million acres
Averages						
1935-39	73.2	49.8	4.7	12.7	2.8	3.2
1941-45	61.4	43.8	4.2	8.3	2.5	2.6
Annual						
1942	53.0	37.5	3.5	7.0	2.6	2.4
1946	71.5	53.1	5.1	8.4	2.1	2.8
1947	77.9	57.6	5.3	9.4	2.5	3.1
1948 5/	77.7	55.8	5.5	10.7	2.4	3.3
1949 5/	83.2	60.6	5.8	11.2	2.4	3.2
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
Averages						
1935-39	759	371	93	200	32	63
1941-45	985	645	108	148	33	51
Annual						
1942	969	677	97	115	33	47
1946	1,153	757	138	172	30	56
1947	1,367	946	124	195	38	64
1948 5/	1,288	810	142	241	35	60
1949 5/	1,132	677	113	245	32	65

1/ N. Dak., S. Dak., Nebr., Okla., Texas, Mont., Wyo., Colo., Kans., N. Mex.
2/ Idaho, Wash., and Oreg.
3/ Ohio, Ind., Mich., Wisc., Minn., Iowa, Ill., and Mo.
4/ Va., W. Va., N. C., S. C., Ga., Ky., Tenn., Ala., Miss., and Ark.
5/ Preliminary.

Most or all of our increase in wheat acreage since prewar has been in the Great Plains and in the Northwest. With a national increase in seeded acreage of 10 million acres since 1935-39, the Great Plains States increased 10.8 million acres and the Northwest 1.1 million acres, while all other areas decreased 1.9 million acres. Expressed in percentages, with the increase for the U. S. of 14 percent, the Great Plains increased 22 percent, the Northwest 23 percent while all other areas decreased 10 percent.

Major acreage adjustments will come largely in the Great Plains and Northwest States because of the relatively small acreages and different types of farming in other areas. These other areas included the Corn belt and Lake States, the Northeastern and Southern States, and California. Much of the wheat is grown in these States as a nurse crop for legumes, a cover crop, or for home use largely as feed.

Within the Great Plains, the recent increase in wheat acreage has varied between States and within States. The increase between 1942 and 1949 ranged from an increase of less than 50 percent in North Dakota, Kansas and New Mexico, to an increase of more than 80 percent of Oklahoma and Texas, and over 150 percent in Colorado.

Percentage increases within the Northern Plains States have been fairly well distributed, but in the Southern Plains States they have been greatest in the more humid, eastern areas and in some of the marginal western areas where substantial acreages of sod have been broken. In one county in Colorado, the wheat acreage has increased something like fifty fold since 1942. In the more humid, eastern portions of the Plains, the acreages of wheat involved are relatively small.

Included in the possible alternative uses of wheat acreage, especially in the Great Plains States, are seeding to grasses, shifting to other crops, and increasing summer fallow.

Grass on excess wheat land is one of the most important types of adjustments. Both farmer experience and experimental evidence have shown that wheat land can be seeded to grass profitably in areas which have supplementary feeds, stock water, and which have or can develop livestock enterprises which use grass. Because grazing is an even more extensive type of farming than wheat production the use of grass on small farms is limited. Grass seed as a cash crop and grass in the crop rotation, may well be some of the answers on wheat farms which are not situated so as to effectively utilize grass for forage.

Crops such as sorghums and barley will produce as much or more feed per acre or per man hour as will wheat in some of our wheat areas. Where this is the case a shift from wheat to such crops would be relatively easy. Cognizance should be taken, however, that row crops deplete the soils more readily than do continuous small grains, and that feed grains also are expected to be in surplus. In the areas where they are adopted, deep rooted legumes will increase the fertility and the tilth of the soil, and they will facilitate a shift from wheat to livestock production.

Summer fallow represents one of the most economic and easily obtained alternatives to wheat in the wheat-fallow areas. There is a sizable number of growers who have reduced their acreage in fallow, and a shift back to this desirable farming practice will tend to reduce wheat acreage. However, increasing the acreage in summer fallow in many areas will maintain or even increase production per farm. A shift from wheat to fallow can at best be only a temporary and partial solution to a surplus wheat situation.

Feeding of more wheat on wheat farms is an adjustment which appears to have some merit. While this would not serve to reduce the wheat acreage, it would reduce the quantity which went to market. Wheat has been demonstrated to be a good feed even though it needs to be cracked or ground for most types of livestock, requires more care in feeding than is required of other grains, and it generally needs to be mixed with other grains. Pound for pound it is worth about 5 percent more than corn as a feed. In our western wheat areas, it usually can provide feed at less cost than other grains either produced or shipped in. Although the use of pastures, such as legumes or sudan grass, will result in better gains, no native pasture is required in feeding wheat to hogs. Where native grass is available, excess wheat land can be used for the production of wheat for feeding cattle. The production of livestock with wheat produced on excess wheat land is not likely to disrupt our livestock markets, especially if consumers' incomes remain at relatively high levels. Such a shift would provide a use for excess acres and would enable farmers at least to retard the depletion of soil fertility.

The present financial position of specialized wheat farmers makes this an opportune time to accomplish some of the adjustments which are desirable. If adjustments are delayed, they are likely to be considerably more difficult because operators' financial reserves will have been reduced.

THE CURRENT DOMESTIC WHEAT SITUATION

BACKGROUND.- An abnormal world demand for bread grains made it possible to move the excess over domestic needs from four record wheat crops produced in 1944-47, and to minimize the increase in the size of the carry-over on July 1, 1948 (figure on page 1, table on page 17).

In 1932-41, the supply of wheat in continental United States averaged 982 million bushels consisting of carry-in of old wheat, 235; production, 738, and imports for domestic use, 9. Total disappearance averaged 721, consisting of food, 475; feed, 122; seed, 81; and exports and shipments 43. Carry-over stocks at the end of this period were much larger than at the beginning.

Net exports from the United States have exceeded 300 million bushels only in 1914-15, 1920-21, and each of the past 4 years beginning in 1945-46 (table 4). Very small United States wheat crops in 1933-36 together with drives toward greater self-sufficiency in many importing countries greatly reduced exports in the 30's and the war curtailed shipping in the early 40's. In the 35 years since 1909, leaving out the years of net imports, net exports averaged 169 million bushels.

Wheat prices to growers advanced from an average of 67 cents per bushel in 1940-41 to a record of $2.81 in mid-January 1948, and a record season average of $2.29 for the 1947 crop. From 1938 to late 1944 the loan program, which reflected the general rise in prices farmers pay, was the most important factor in domestic wheat prices. From 1942 through 1945 wheat feeding was exceptionally heavy and very large quantities of wheat were used for war industrial purposes. Beginning in early 1945 exports, including shipments under various foreign aid programs, became the most important price factor.

In 1947-48, United States wheat prices reflected the unavailability of feed grains fo r export, the additional world demand resulting from short crops in importing countries, and the continued rise in the general price level. With the harvest of the near-record crop in 1948 and favorable crops in importing countries, the loan program again became an important price factor. The price to growers for the 1948-49 crop averaged about 1 cent below the $2.00 loan level.

Carry-over July 1, 1950 May Be About Same as July 1, 1949

United States wheat supplies are now estimated at 1,425 million bushels, or 59 million bushels less than the 1,484 million in 1948-49 but the fifth largest of record. The July 1 caryy-over of old wheat was 293 million bushels and the crop was estimated in August at 1,132 million bushels--a reduction of 57 million bushels from the 1,189 million crop indicated in July, but still the fourth largest crop of record. Domestic disappearance in the year beginning July 1 may total about 700 million (Food 485, feed 130, seed 85 and shipments to territories 4) so that about 725 million would be available for export in 1949-50 and carry-over July 1, 1950. If exports approach 450 million, thecarry-over July 1, 1950 would not be much different from the 293 million on July 1, 1949.

Exports of wheat, including products as grain, in July 1949 totaled 30.5 million bushels, which compares with 49.4 million bushels a year earlier.

Prices Above a Month Ago: Expected to Continue Steady and Then Advance

Wheat prices at Kansas City on August 26 were 16 cents below the loan value, but about 6 cents above a month earlier. While hard winter wheat prices are not expected to change much within the near future, price advances are probable later in the season. On July 2 the price of No. 2 Hard Winter at Kansas City had dropped to $1.85, 35 cents under the loan rate. This compared with a low point last year about 18 cents under the 1 oan. Market receipts of hard winter wheat have become rather small and large quantities are probably being placed under Government loan. This means tighter free wheat supplies as the season progresses. Receipts of soft winter wheat are moderately heavy and prices weaker as compared with hard winter wheat. At Minneapolis on August 26, as the heavy market movement of early September approached, prices were about 7 cents below the loan.

THE CURRENT WORLD WHEAT SITUATION

BACKGROUND - On July 1, 1943, stocks of wheat in the four principal exporting countries were a record of 1,737 million bushels, almost four times the 1935-39 average of 458 million. By July 1945, however, they were down to 818 million bushels, and by July 1946 they were further reduced to 387 million. Greatly increased disappearance was caused by wartime depletion of food supplies in importing countries and by poor crops in many areas. Stocks in those four countries on July 1, 1946 were the smallest since 1938 and were about 16 percent less than the 1935-39 average. On July 1, 1948 these stocks had increased to 536 million bushels (table 8).

World Exports Expected to Total Almost As Much As in 1948-49

Exports of wheat including flour in 1949-50 from the four principal exporting countries--United States, Canada, Australia and Argentina--may total almost as much as in 1948-49 when they were about 950 million bushels; during 1947-48 they were 935 million. Of the total in 1949-50, somewhere near 450 million may be from the United States. Countries other than the four mentioned, including the Soviet Union may possibly export 50-75 million bushels, compared with about 50 million in the past two years.

July 1 Wheat Stocks in 4 Exporting Countries Up 19 Percent

Wheat stocks in the 4 principal exporting countries on July 1, 1949 totaled 638 million bushels, over 100 million bushels or 19 percent above the 536 million a year earlier (table 8). While stocks this year cannot be considered large, they are 39 percent above the 1935-39 average of 458 million bushels.

Stocks in the United States increased 97 million bushels, those in Canada 25 million, while those in Argentina and Australia each decreased 10 million bushels, with the total decreasing 102 million.

A distinction between July 1 stocks in North America and in Argentina and Australia should be noted. That date marks the approximate beginning of the marketing year in North America and the stocks approximate carry-over stocks for North America. In Southern Hemisphere countries, however, stocks on that date include supplies for domestic use and export up to December when the new crop year begins in those countries.

Northern Hemisphere Breadgrain Production .5 Percent below 1948 6/

The 1949 breadgrain production in the Northern Hemisphere is expected to be below 1948 by about 5 percent, or 10 million short tons. A smaller wheat crop accounts for the bulk of the decrease, with the total outturn in Northern Hemisphere countries now estimated to be about 5 percent less than in 1948. Total rye production shows little change from a year earlier.

6/ From the August European Crop Outlook Report published by the Office of Foreign Agricultural Relations, U.S.D.A.

Wheat is still slightly above the 1935-39 average level while rye is 5 percent less. A sharp increase from prewar in the United States is the principal factor in the maintenance of world wheat production. Rye, grown principally in Europe and the Soviet Union, has been sharply below average in Europe since 1939, both in area and production. Some recovery was made in 1948, but the level is still well below the figures for 1935-39. In the Soviet Union, rye acreage is believed to have been increased considerably and to be well above prewar average.

In North America the current outlook is for a breadgrain crop about 10 percent less than the good 1948 harvest, but far above average. The United States wheat crop is the sixth successive billion-bushel crop reported. The United States rye crop is one of the smallest recorded. The Canadian wheat crop is tentatively estimated at 392 million bushels, compared with 393 million a year age. The wheat acreage for harvest this year is reported at 27.5 million acres up considerably from the 24.1 in 1948. Yield per acre averaged 14.2 bushels, or only 11 percent below long-time average yields, despite earlier reports of heavy losses from drought over wide areas. Rye acreage in Canada this year was cut to little more than half the 1948 area and, with sharply reduced yields, the crop is estimated at 10 million bushels, compared with 25 million in 1948.

Breadgrain production in Europe is about 5 percent below the 1948 total, estimated at 62.5 million short tons, and 13 percent below the 1935-39 average. Conditions varied widely in different parts of the Continent. Small increases in Scandinavia, and in many of the smaller producing countries of Western Europe and in parts of Central Europe were overbalanced by reductions in France, Spain, Great Britain and parts of the Balkans. Within the Balkans, too, conditions were variable, with best conditions reported for Hungary and Yugoslavia and least favorable in Rumania and Bulgaria. In the latter two countries drought reduced the outturn.

Official reports indicate good yields of breadgrains for most regions of the Soviet Union. Harvesting difficulties, however, appear to have complicated getting in the grain, and harvest losses which are usually high in the Soviet Union may be even heavier than usual. Widespread continued rains during early July delayed the ripening and harvest of grains in European areas of the Union. Later harvest reports indicated difficulties from wet and loged grain, uneven ripening, low stand of the grain, and shattering. In addition, almost simultaneous maturing of spring and winter grains in some regions presented difficulties, and serious lags in combine harvesting were reported from a number of regions. Weedy fields were also mentioned as a serious problem this year. Despite all these handicaps, however, yields of grain are believed to be close to the 1948 yields and production of both wheat and rye is expected to be slightly larger than in 1948.

Production of wheat in Asia is estimated to be about 200 million bushels smaller than last year's harvest, principally because of smaller crops in China and Turkey. Reduced yields account for the decrease of roughly 100 million bushels in China, since acreage is reported at about the 1948 figure. In Turkey, however, both acreage and yields are reported substantially smaller than in 1948. Serious drought held up fall seeding and the area sown was reported to be 10 - 15 percent less than the area of recent years. Unfavorable growing weather also reduced yields sharply, according to reports. Rye acreage was also cut in Turkey, the only country of this area reporting rye.

Northern Hemisphere countries of Africa show a slight increase over last year's wheat production. Most of the gain is in Tunisia where a good crop is reported after the poor harvest of 1948. Changes in other countries of the area are minor. Rye is of no significance in Africa.

In the Southern Hemisphere, growing conditions have been favorable in Argentina, where seeding is now completed for the crop which will be harvested in December. Little change from the small acreage of the past two years is expected. In Australia the crop is growing well but some sections need moisture. Western areas are still deficient in subsoil moisture. The Wheat Board estimated the acreage at 13.25 million acres, which compares with 13,0 million seeded last year and the 1935-39 average of 13.1 million.

EXPORT OPERATIONS UNDER THE INTERNATIONAL WHEAT AGREEMENT 7/

BACKGROUND:- The International Wheat Agreement came into force July 1, 1949, through formal acceptance by the Governments of Australia, Canada, France, and the United States, as exporters, and by 19 importing countries. The importing countries are Austria, Belgium, Ceylon, Denmark, Greece, India, Ireland, Israel, Italy, Lebanon, Netherlands, New Zealand, Peru, Portugal, Saudi Arabia, Sweden, Switzerland, Union of South Africa, and United Kingdom. Since that time Egypt, Norway, and Venezuela accepted the agreement.

Under this agreement, the United States and other exporting countries have agreed to supply 456 million bushels of wheat annually in exchange for a guaranteed export market. Of this quantity, the United States will supply approximately 168 million bushels each year for the next four crop years commencing August 1, 1949.

The objectives of the agreement are to assure supplies of wheat to importing countries, and markets for wheat for exporting countries, at equitable and stable prices.

Export Payments and U. S. Price Equivalents

Because the maximum price provided in the agreement is below the domestic market price of wheat, it is necessary to reimburse exporters to the extent of the difference in order to fulfill the obligations of the United States. These payments, which are announced daily, are made on exports of wheat and wheat flour shipped to countries participating in the agreement, except for exports financed by funds obtained from Economic Cooperation Administration. They are made initially from funds made available for the purpose of encouraging the exportations of agricultural commodities (Section 32 funds). Payments differ by U. S. coastal areas and by destination. The destinations are the same as those listed below for the price equivalents.

7/ Highlights of the agreement are contained in the March-April 1949 issue of The Wheat Situation, page 12-15. Highlights of the Council's first meeting, held in Washington July 9, were contained in the July issue, pages 13-14.

The export payments will apply only to exports to countries which have formally accepted the agreement and which are active participants. No payment will be made on exports to other countries which originally signed the agreement, until they have ratified and accepted the agreement. The date for ratification has been extended to October 31, 1949 for these countries, which presently include Bolivia, Brazil, China, Colombia, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Liberia, Mexico, Nicaragua, Panama, and the Philippines.

The agreement maximum price is the United States price equivalent of $1.80 per bushel for No. 1 Manitoba Northern bulk wheat in store at Fort William or Port Arthur, Canada. Payments on flour are made on the basis of the actual quantity of wheat used in manufacturing the flour.

On August 12 the following prices were announced as the current equivalents of the Agreement maximum price of $1.80:

East Coast - $1.97 f.o.b. vessel to all destinations.
Gulf Coast - $1.91-1/2 f.o.b. vessel to European Atlantic Ports.
$1.93 f.o.b. vessel to Mediterranean Ports, Middle East, South and West Africa.
$1.94-1/2 f.o.b. vessel to Asia and adjacent areas.
$1.97 f.o.b. vessel to Latin America and to West Indies.
West Coast - $1.80 in store to all destinations.

These price equivalents are for wheat comparable in grade to No. 1 Northern Manitoba wheat. Discounts and premiums for quality factors are determined by negotiations between buyer and seller. The prices are subject to change with changes in transportation costs, particularly ocean freight rates. In making such changes, the CCC will be guided by recommendations of the Executive Committee of the International Wheat Council.

Sales under the Agreement

The following sales under the agreement had been confirmed by the Office of Manager up to the close of business on Thursday, August 25:

Country	Commercial Flour 1,000 cwt.	Commercial Flour 1,000 bu.	Commercial Wheat 1,000 bu.	CCC Wheat 1,000 bu.	Total 1,000 bu.
Belgium	---	---	---	3,449	3,449
Ireland	---	---	---	747	747
Israel	165	385	---	---	385
Netherlands Colonies	59	138	---	---	138
Norway	45	104	---	---	104
Peru	---	---	654	---	654
Portugal and Colonies	12	27	---	336	363
Saudi Arabia	14	33	---	---	33
U. K. Colonies	60	140	---	---	140
Venezuela	60	139	---	---	139
Total	415	966	654	4,532	6,152

No sales have as yet been consummated with the other 12 importing countries now actively participating in the Agreement.

Table 2 .- Wheat, principal types: Acreage, yield per acre, and production, 1939-49 1/

Year of harvest	Acreage			Yield per seeded acre	Production
	Seeded	Harvested	Seeded but not harvested		
	1,000 acres	1,000 acres	1,000 acres	Bushels	1,000 bushels
All wheat					
1939	62,802	52,669	10,133	11.8	741,210
1940	61,820	53,273	8,547	13.2	814,646
1941	62,707	55,935	6,772	15.0	941,970
1942	53,000	49,773	3,227	18.3	969,381
1943	55,984	51,355	4,629	15.1	843,813
1944	66,190	59,749	6,441	16.0	1,060,111
1945	69,130	65,120	4,010	16.0	1,108,224
1946	71,536	67,075	4,461	16.1	1,153,046
1947	78,169	74,389	3,780	17.5	1,367,186
1948	77,749	71,904	5,845	16.6	1,288,406
1949	83,173	75,481	7,692	13.6	1,131,830
Winter wheat					
1939	46,154	37,681	8,473	12.3	585,672
1940	43,536	36,095	7,441	13.6	592,809
1941	46,045	39,778	6,267	14.6	673,727
1942	38,855	36,020	2,835	18.1	702,159
1943	38,515	34,563	3,952	14.0	537,476
1944	46,821	41,125	5,696	16.1	751,901
1945	50,415	46,989	3,426	16.2	817,834
1946	52,195	48,350	3,845	16.7	870,725
1947	58,133	54,835	3,298	18.4	1,068,048
1948	58,161	52,859	5,302	17.0	990,098
1949	61,490	55,687	5,803	14.6	894,874
All spring wheat					
1939	16,648	14,988	1,660	10.5	175,538
1940	18,284	17,178	1,106	12.1	221,837
1941	16,662	16,157	505	16.1	268,243
1942	14,145	13,753	392	18.9	267,222
1943	17,469	16,792	677	17.5	306,337
1944	19,369	18,624	745	15.9	308,210
1945	18,715	18,131	584	15.5	290,390
1946	19,341	18,725	616	14.6	282,321
1947	20,036	19,554	482	14.9	299,138
1948	19,588	19,045	543	15.2	298,308
1949	21,683	19,794	1,889	10.9	236,956
Spring wheat other than durum					
1939	13,520	12,023	1,497	10.6	143,052
1940	14,913	14,149	764	12.7	189,543
1941	14,064	13,633	431	16.2	227,585
1942	11,990	11,644	346	18.8	225,986
1943	15,333	14,714	619	17.8	272,832
1944	17,270	16,567	703	16.1	278,544
1945	16,689	16,127	562	15.4	257,550
1946	16,848	16,272	576	14.6	246,485
1947	17,061	16,606	455	14.9	254,810
1948	16,343	15,858	485	15.5	253,566
1949	18,037	16,266	1,771	10.8	194,678
Durum					
1939	3,128	2,965	163	10.4	32,486
1940	3,371	3,029	342	9.6	32,294
1941	2,598	2,524	74	15.6	40,658
1942	2,155	2,109	46	19.1	41,236
1943	2,136	2,078	58	15.7	33,505
1944	2,099	2,057	42	14.1	29,666
1945	2,026	2,004	22	16.2	32,840
1946	2,493	2,453	40	14.4	35,836
1947	2,975	2,948	27	14.9	44,328
1948	3,245	3,187	58	13.8	44,742
1949	3,646	3,528	118	11.6	42,278

1/ Data for earlier years as follows: 1919-28 in The Wheat Situation, August 1942, page 11-13; 1929-38 in The Wheat Situation, March-April 1943, pages 10 and 11.

Table 3 .- Wheat: Supply and distribution, United States, 1939-49

SUPPLY

Year beginning July	Old-crop carry-over July 1: Farm	Interior mill, elevator, and warehouse	Terminal market	Merchant mill	C.C.C. wheat in transit 1/	Total	New crop	Imports 2/	Total supply
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1939	88,016	36,842	64,103	61,054	---	250,015	741,210	263	991,488
1940	79,572	35,312	84,187	80,650	---	279,721	814,646	3,523	1,097,890
1941	86,675	73,789	142,671	81,598	---	384,733	941,970	3,664	1,330,367
1942	162,722	142,366	224,441	96,837	4,409	630,775	969,381	1,057	1,601,213
1943	189,574	103,804	162,151	104,378	58,990	618,897	843,813	136,360	1,599,070
1944	103,622	30,332	82,912	67,308	32,381	316,555	1,060,111	42,347	1,419,013
1945	87,703	42,129	67,185	58,463	23,700	279,180	1,108,224	1,998	1,389,402
1946	41,606	8,376	29,917	12,838	7,351	100,088	1,153,046	57	1,253,191
1947	40,477	10,116	8,129	24,591	500	83,813	1,367,186	130	1,451,129
1948 3/	94,511	30,645	34,065	34,240	2,530	195,991	1,288,406	1,517	1,485,914
1949 3/	65,598	65,119	128,158	30,600	3,797	293,272	1,131,830	---	1,425,102

DISTRIBUTION 4/

Year beginning July	Continental United States disappearance: Processed for food 5/	Seed	Industrial 6/	Feed 7/	Total	Military purchases 8/	Exports: Wheat	Flour 9/	Other products	Total 9/	Shipments 10/	Total disappearance 11/
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1939	475,352	72,946	89	115,041	663,428	---	23,636	21,232	---	44,868	3,471	711,767
1940	478,506	74,351	101	122,746	675,704	---	10,810	22,809	---	33,619	3,834	713,157
1941	471,084	62,490	1,614	116,348	651,536	16,133	12,632	14,884	343	27,859	4,064	699,592
1942	502,418	65,487	54,342	298,407	920,654	25,244	6,553	22,828	1,475	30,856	5,562	982,316
1943	491,600	77,351	107,527	497,846	1,174,324	62,759	11,943	28,319	2,077	42,339	3,093	1,282,515
1944	477,668	80,373	82,295	296,369	936,705	150,146	19,010	27,585	2,182	48,777	4,205	1,139,833
1945	467,054	82,011	20,971	304,333	874,369	90,884	226,137	86,793	6,726	319,656	4,405	1,289,314
1946	477,341	86,498	44	181,713	745,596	92,452	154,013	169,680	3,492	327,185	4,145	1,169,378
1947	486,348	90,746	608	186,004	763,706	146,436	207,360	126,749	6,666	340,775	4,221	1,255,138
1948 3/	483,000	91,337	81	116,924	691,342	179,600	226,100	90,500	900	12/317,500	4,200	1,192,642

Foreign trade figures from reports of the Department of Commerce and Department of Agriculture. Military procurement figures from the National Military Establishments.

1/ Includes CCC stocks stored in steel and wood bins 1942-45.
2/ Imports include full-duty wheat, wheat imported for feed, and dutiable flour in terms of wheat. They exclude wheat imported for milling in bond and export as flour; also flour free for export, which for 1939-40 was 214,000 bushels and in 1940-41 was 170,000 bushels.
3/ Supply data preliminary, distribution data estimated.
4/ Includes flour and other products in terms of wheat.
5/ Food use by civilians and military services eating out of civilian supplies, is computed as follows: Total grind less exports and shipments of flour and other wheat products, less military procurement, plus estimated breakfast food produced outside the flour-million industry, plus dutiable imports of flour.
6/ Quantity of wheat ground into granular flour for alcohol production.
7/ Balancing item; roughly approximates total used as feed, including that used in commercial feeds as well as that fed on farms.
8/ Includes procurement for both civilian relief feeding and for military food use; military takings for civilian feeding in occupied areas measured at time of procurement and not at time of shipment overseas. Total procurement more reliable than exports reported under Army Civilian Supply Program.
9/ Exports are of wheat and of flour made wholly of U. S. wheat. Exports as here used, in addition to commercial exports, include U.S.D.A. flour procurement as distinct from U.S.D.A. deliveries for export. They exclude exports under the Army Civilian Supply Program.
10/ Shipments are to Alaska, Hawaii, Puerto Rico, and Virgin Islands; partly estimated. For the war years, U.S.D.A. shipments for stockpiling in the territories have been added to reported Census totals.
11/ Total disappearance plus year-end carry-over account for total supply.
12/ Total of 179.6 million military purchases, less about 6 million for military services food plus 317.5 million total exports (which includes U.S.D.A. flour purchases instead of deliveries for export) equals 491 million bushels. This is less than the actual exports because U.S.D.A. flour inventory at the end of the year was about 10 million bushels less than at the beginning.

Table 4.- Wheat and wheat flour: United States imports and exports, 1939-47

IMPORTS 1/

Year beginning July-	For domestic use*				Wheat for milling in bond and export*	Total
	Full-duty wheat	Wheat for feed 2/	Flour 3/	Total wheat and flour		
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1939	56	86	335	477	9,953	10,430
1940	165	3,237	291	3,693	7,331	11,024
1941	1,699	1,785	179	3,663	11,912	15,575
1942	806	150	100	1,056	7,577	8,633
1943	4/ 136,013	189	158	136,360	10,952	147,312
1944	4/ 26,235	15,919	193	42,347	9,213	51,560
1945	1,136	766	96	1,998	11,591	13,589
1946	21	29	7	57	1,968	2,025
1947	7	117	6	130	19	149
1948	1,317	10	190	1,517	3,113	4,630

EXPORTS 1/

Year beginning July-	Non-military exports			Army Civilian Supply Program			Total U.S. wheat and flour	Other flour* 5/	Total wheat and flour
	Wheat as grain	Flour wholly from U.S. wheat	Total	Wheat as grain	Flour wholly from U.S. wheat	Total			
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1939	23,636	21,232*	44,868	0	0	0	44,868	9,407	54,275
1940	10,810*	22,812*	33,622	0	0	0	33,622	6,935	40,557
1941	12,632*	6/14,898	27,530	0	0	0	27,530	9,130	36,660
1942	6,555*	19,938*	26,493	0	0	0	26,493	6,900	33,393
1943	11,942*	28,337*	40,279	0	0	0	40,279	10,835	51,114
1944	19,010*	28,197*	47,207	54,358	40,233	94,591	141,798	9,398	151,196
1945	226,135*	79,727*	305,862	46,878	35,489	82,367	388,229	12,834	401,063
1946	7/142,656	8/164,986	307,642	47,167	31,883	79,050	386,692	6,650	393,342
1947	9/207,360	10/133,098	340,458	97,328	41,461	138,789	479,247	1,066	480,313
1948							500,471	2,745	503,216

*Asterisk indicates imports and exports from reports of the Department of Commerce, Figures for the Army Civilian Supply Program are from the National Military Establishments.

1/ Includes flour expressed in wheat equivalent.
2/ Classified as "unfit for human consumption" or imported for special feeding programs.
3/ Includes some flour imported in bond for reexport, which for 1939-40 was 214,000 bushels and in 1940-41 was 170,000 bushels.
4/ Includes wheat and wheat products used for livestock and poultry feed, imported duty-free by the Commodity Credit Corporation.
5/ Usually all from imported wheat, although in some years small quantities of United States wheat were added.
6/ 14,076,000* plus 822,000 unreported exports to British Services.
7/ 131,298,000* plus 11,358,000 unreported January-June 1947 exports to Germany financed by the United Kingdom.
8/ 154,391,000* plus 10,595,000 unreported January-June 1947 exports to Germany financed by the United Kingdom.
9/ 304,688,000* minus the included Army Civilian Supply Program of 97,328,000.
10/ 174,559,000* minus the included Army Civilian Supply Program of 41,461,000.

Bureau of Agricultural Economics.

Table 5.- Wheat: Weighted average cash price, specified markets and dates 1948-49

Month and date	All classes and grades six markets		No. 2 Dark Hard and Hard Winter Kansas City		No. 1 Dark N. Spring Minneapolis		No. 2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		No. 1 Soft Wheat Portland 1/	
	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Month												
May	2.60	2.25	2.40	2.22	2.62	2.33	2.98	2.25	2.44	2.34	2.36	2.22
June	2.56	2.16	2.29	1.95	2.60	2.37	2.84	2.32	2.32	1.83	2.30	2.18
July	2.31	2.10	2.19	2.00	2.43	2.38	2.49	2.37	2.25	1.87	2.19	2.11
Week ended												
July 2	2.44	2.04	2.24	1.91	2.53	2.41	2.62	2.29	2.28	1.81	2.27	2.05
9	2.34	2.07	2.22	1.99	2.46	2.46	2.55	2.35	2.27	1.87	2.21	2.12
16	2.33	2.14	2.21	2.05	2.44	2.45	2.50	2.38	2.23	1.92	2.18	2.11
23	2.30	2.08	2.19	2.02	2.41	2.37	2.44	2.36	2.22	1.90	2.17	2.10
30	2.25	2.11	2.16	2.05	2.37	2.30	2.42	2.41	2.22	1.87	2.17	2.11
Aug. 6	2.18	2.13	2.12	2.06	2.29	2.21	2.36	2.27	2.08	1.84	2.18	2.08
13	2.21	2.15	2.16	2.05	2.33	2.25	2.35	2.23	2.13	1.90	2.18	2.09
20	2.24	2.20	2.18	2.04	2.33	2.32	2.37	2.27	2.19	1.84	2.18	2.09

1/ Average of daily cash quotations.

Table 6.- Wheat: Average closing prices of Sept. wheat futures, specified markets and dates, 1948-49

Period	Chicago		Kansas City		Minneapolis	
	1948	1949	1948	1949	1948	1949
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Month						
June	2.31	1.95	2.22	1.88	2.35	1.93
July	2.30	2.03	2.21	2.00	2.27	2.08
Week ended						
July 2	2.31	1.98	2.23	1.92	2.29	1.97
9	2.31	2.03	2.24	1.99	2.29	2.08
16	2.30	2.02	2.21	1.99	2.27	2.07
23	2.29	2.03	2.21	2.00	2.27	2.09
30	2.28	2.05	2.19	2.04	2.23	2.12
Aug. 6	2.23	2.04	2.16	2.04	2.18	2.11
13	2.23	2.03	2.17	2.03	2.20	2.12
20	2.21	2.00	2.16	2.01	2.18	2.12

Table 7.- Wheat: Prices per bushel in three exporting countries, Friday nearest mid-month, Jan.-Aug., Weekly July-August 1949

Date (Friday)	HARD WHEAT: United States No. 1 Dark Northern Spring 13 percent protein at Duluth 1/	HARD WHEAT: Canada No. 2 Manitoba at Fort William 2/	HARD WHEAT: United States No. 1 Dark Winter Galveston 1/	SOFT WHEAT: United States No. 1 Portland 1/	SOFT WHEAT: Australia 1/ 3/
	Dollars	Dollars	Dollars	Dollars	Dollars
Friday mid-month					
January 14	2.30	2.32	2.44	2.225	2.66
February 11	2.24	2.18	2.35	2.16	2.35
March 11	2.33	2.16	2.42	2.235	2.35
April 14	2.37	2.18	2.43	2.22	2.23
May 13	2.35	2.13	2.42	2.25	2.23
June 17	2.32	1.97	2.03	2.25	2.23
July 15	2.41	2.00	2.20	2.10	2.23
Aug. 12	2.22	2.04		2.07	---
Weekly					
July 8	2.43	1.98	2.21	2.13	---
July 22	2.32	2.00	2.27	2.10	---
July 29	2.26	2.08	2.21	2.115	---
Aug. 5	2.18	2.06	2.24	2.04	---
Aug. 19	2.26	2.03	2.23	2.11	---

1/ F. O. B. spot to arrive. 2/ Fort William quotation is in store. 3/ Sales to non-contract countries.

Table 8.- Estimated July 1 wheat stocks in four major exporting countries, 1940-49

Year	United States grain 1/	Canadian grain 2/	Argentina	Australia	Total
	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.
1940	280	322	102	135	839
1941	385	517	201	75	1,178
1942	631	449	238	142	1,460
1943	619	630	288	200	1,737
1944	319	398	290	159	1,166
1945	279	314	175	50	818
1946	100	104	115	68	387
1947	84	124	125	56	389
1948	196	105	130	105	536
1949 3/	293	130	120	95	638

Office of Foreign Agricultural Relations. Prepared on the basis of official statistical reports of U. S. Foreign Service Offices, or other information.
1/ Includes United States wheat in Canada. Includes small quantities of new wheat prior to 1937.
2/ Includes Canadian wheat in the United States.
3/ Preliminary.

THE RYE SITUATION AND OUTLOOK

BACKGROUND.- Reflecting an active foreign demand during and for a time after World War I, rye acreage for harvest expanded and for the 10 years (1915-24) averaged over 5 million acres. Production reached a peak of over 100 million bushels in 1922. Exports of rye averaged nearly 34 million bushels a year during the 10 years ending in 1928. After that exports dropped sharply and in only one year of the 30's did they total over 1 million bushels. In each of the drought years of 1933 and 1934 imports totaled 12 million bushels.

Some increase in Rye Acreage in 1950 Likely

For the past 7 years rye acreage and production have been small (table 10). This is largely because of competition from other crops. While it is not practical to attempt to equal the level of production of former years, more rye would be used if supplies were larger. With a reduction in wheat acreage in 1950 some increase in rye acreage is expected.

Rye Imports Exceed Exports in 1948-49 Domestic Disappearance One of Smallest in U. S. History

Domestic supplies of rye in 1948-49 totaled 29.7 million bushels. Imports of 6.8 million bushels exceeded exports of 5.4 million, making net imports of 1.4 million bushels. These with carry-over 3.3 million bushels and crop of 26.4 million made a net total supply 31.1 million bushels. Imports were the largest in 5 years. Except for 1937-38 and 1945-46, exports in 1948-49 were the largest in 20 years.

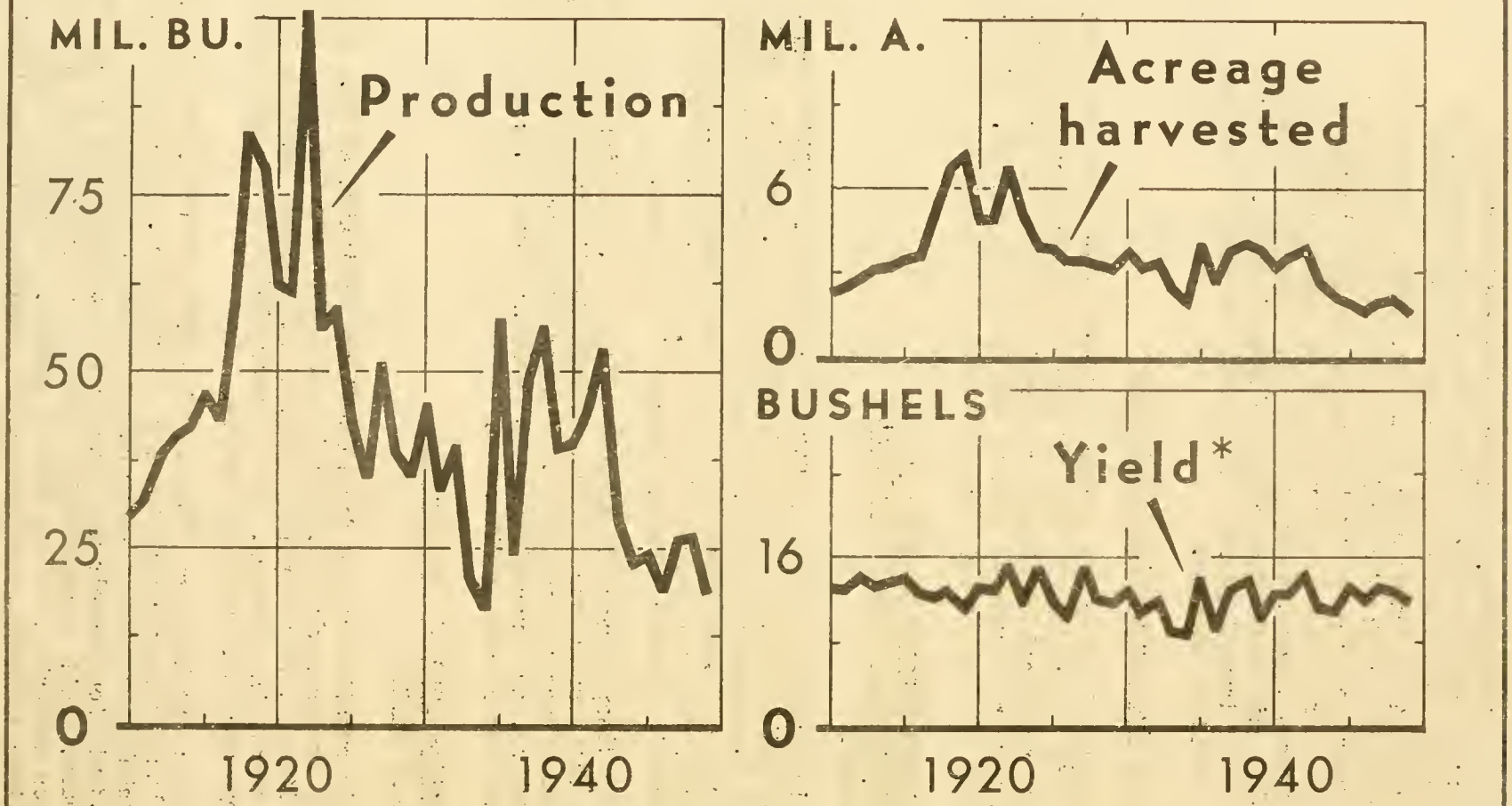
Domestic disappearance in 1948-49 totaled 22.8 million bushels which is one of the smallest in our history. Except for the past two years, it was the smallest since at least 1909. The various items of disappearance, in million bushels, are approximately as follows: Food, 5.6; feed, 6.0; seed, 4.5; and alcohol and spirits, 6.7.

With One Exception 1949-50 Rye Supplies Smallest in 50 Years

Domestic supplies of rye for 1949-50 are estimated at 27.1 million bushels, which compares with 29.7 million available for 1948-49. With the exception of 1946-47, when supplies totaled 21.3 million bushels, this is the smallest supply in 50 years. The 10-year (1938-47) average domestic supplies of rye were 54.4 million bushels.

Carry-over stocks of rye July 1, 1949 amounted to 8.3 million bushels or 5 million bushels larger than the 3 previous years. However, this is 10 million bushels under the 10-year July 1 average. Farm stocks on July 1 of 3.3 million bushels were larger than on that date in any of the previous 4 years. While nearly double those of a year ago they were much smaller than on any July 1 in the 1936-44 period. Terminal stocks of rye were over 5 times as large as a year ago and totaled 3 million bushels. This compares with the record of 23 million bushels in store July 1.

RYE PRODUCTION



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A rye crop estimated at 18.8 million bushels was produced on 1.6 million acres in 1949. Both acreage and production have been declining for a number of years, and in 1949 were the smallest in 75 years (except for production in 1934). Rye yields in 1949 were 11.9 bushels per harvested acre, slightly below the 1939-48 average of 12.0 bushels.

The increase in carry-over stocks was not enough to make up for the sharp drop in 1949 production which is now estimated at 18.8 million bushels. With the exception of the 1934 crop this is the smallest in nearly 75 years. It is 29 percent less than the 26.4 million bushels harvested last year and only a little more than half the 10-year average of 35.1 million bushels. The sharp reduction in production is due largely to reduced acreage for harvest as yields per acre are only moderatley below last year. Acreage for harvest in 1949 was estimated at 1,586,000 acres compared with 2,097,000 acres harvested in 1948 and the 10-year average of 2,874,000 acres. The indicated yield was 11.9 bushels per acre compared with 12.6 in 1948 and the 10-year (1938-47) average of 12.1 bushels.

Each of the items of domestic disappearance in 1949-50 is expected to be similar in quantity to those of a year earlier. Exports, estimated at possibly 4 million bushels, however, may exceed imports. The carry-over of 8.3 million bushels on July 1, 1949 may be reduced to about half by the end of the marketing year.

Rye Prices in 1948-49 Sharply Lower Than Year Earlier

With the general improvement in the world breadgrain situation and generally abundant supplies available in this country, wheat and rye prices in 1948-49 were sharply lower than in 1947-48. No. 2 weighted average rye price at Minneapolis in 1948-49 averaged $1.58 per bushel, a decline of $1.07 from the 1947-48 average. They averaged $1.45 per bushel in July, $1.35 in June, $1.78 in July 1948 and $2.54 in July 1947. Prices received by farmers for the country as a whole averaged $1.20 in July, a drop of 52 cents from a year earlier and $1.16 per bushel under the July 1947 average. The support price for No. 2 rye at Minneapolis is $1.46 and the average to growers $1.27.

Prices strengthened about mid-July this year, reflecting the reduction in the indication for the U.S. crop and the reduced prospects in Canada. Price declines in August were associated with the approach of the peak in 1949 market movement.

Table 9.- Rye: Estimated July rye stocks in three exporting countries, 1944-49

Year	United States grain 1/	Canadian grain 2/	Argentina	Total
	Million bushels	Million bushels	Million bushels	Million bushels
1944	31	6	15	52
1945	12	3	8	23
1946	2	1	8	11
1947	2	1	15	18
1948 3/	3	1	10	14
1949 3/	8	10	16	34

Office of Foreign Agricultural Relations. Prepared on the basis of official statistical reports of U. S. Foreign Service Offices, or other information. Stocks in Australia are negligible.

1/ Includes United States rye in Canada.

2/ Includes Canadian rye in the United States.

3/ Preliminary.

Table 10.- Rye: Acreage, yield, production, foreign trade, and price, United States, 1901 - 49

Year beginning July	Acreage harvested	Yield per acre	Production	Exports 1/	Imports 1/	Price per bushel received by farmers 2/	Year beginning July	Acreage harvested	Yield per acre	Production	Exports 1/	Imports 1/	Price per bushel received by farmers 2/
	1,000 acres	Bushels	1,000 bushels	1,000 bushels	1,000 bushels	Cents		1,000 acres	Bushels	1,000 bushels	1,000 bushels	1,000 bushels	Cents
1901	2,409	12.8	30,773	2,712	---	55.7	1926	3,419	10.2	34,860	21,698	1	82.5
1902	2,444	13.9	33,862	5,445	1	50.8	1927	3,458	14.8	51,076	26,346	2	82.4
1903	2,260	12.8	28,932	784	34	54.5	1928	3,310	11.5	37,910	9,844	1	81.6
1904	2,205	12.9	28,461	30	21	68.8	1929	3,138	11.3	35,411	2,600	1	84.4
1905	2,297	13.6	31,173	1,388	1	61.1	1930	3,646	12.4	45,383	227	88	43.3
1906	2,154	13.7	29,609	770	1	58.9	1931	3,159	10.4	32,777	909	1	33.9
1907	2,073	13.6	28,247	2,445	2	73.1	1932	3,350	11.7	39,099	311	14	26.9
1908	2,130	13.5	28,650	1,296	1	74.5	1933	2,405	8.6	20,573	21	12,019	62.3
1909	2,212	13.6	30,083	242	30	71.8	1934	1,921	8.5	16,285	---	12,250	72.0
1910	2,262	12.9	29,098	40	227	72.5	1935	4,066	14.0	56,938	9	2,266	38.3
1911	2,452	12.8	31,396	31	134	80.6	1936	2,694	9.0	24,239	248	3,943	80.8
1912	2,724	13.9	37,911	1,855	1	63.3	1937	3,825	12.8	48,862	6,578	---	67.2
1913	3,089	13.1	40,390	2,273	37	59.4	1938	4,087	13.7	55,984	784	1	32.2
1914	3,144	13.4	42,120	13,027	147	81.2	1939	3,822	10.1	38,562	732	---	42.6
1915	3,417	13.7	46,752	15,250	566	83.6	1940	3,204	12.4	39,725	245	1,392	39.9
1916	3,523	12.2	43,089	13,703	428	112.5	1941	3,573	12.3	43,878	23	8,758	52.0
1917	5,059	11.9	60,321	17,186	834	173.0	1942	3,792	14.0	52,929	450	1,490	58.3
1918	6,694	12.5	83,421	36,467	638	148.7	1943	2,652	10.8	28,680	594	8,314	97.7
1919	7,168	11.0	78,659	41,531	1,077	144.9	1944	2,132	10.6	22,525	3,144	4,149	109.0
1920	4,825	12.8	61,915	47,337	452	146.4	1945	1,856	12.9	23,952	7,196	1,996	136.0
1921	4,851	12.6	61,023	29,944	700	83.4	1946	1,607	11.7	18,879	574	1,641	193
1922	6,757	14.9	100,986	51,663	99	62.7	1947	2,010	12.9	25,975	2,642	41	227
1923	4,936	11.3	55,961	19,902	2	58.0	1948 3/	2,097	12.6	26,388	5,431	6,794	141
1924	3,941	14.8	58,445	50,242	1	94.5	1949 3/	1,586	11.9	18,831			
1925	3,800	11.1	42,316	12,647	---	77.5							

1/ From reports of Department of Commerce. Includes flour.
2/ December 1 price, 1900-1908. Beginning 1940 includes unredeemed loans at average loan value.
3/ Preliminary.

Table 11.- Rye: Supply and distribution, United States, 1934-49

Year beginning July	Supply				Distribution						Total disappearance
	Stocks 1/	Production	Imports	Total	Food 2/	Feed 3/	Seed	Alcohol spirits	Total	Exports 4/	
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1934	14.9	16.3	11.2	42.4	8.0	4.8	8.6	10.2	31.6	5/	31.6
1935	10.8	56.9	2.3	70.0	6.9	21.9	8.7	12.8	50.3	5/	50.3
1936	19.7	24.2	3.9	47.8	7.0	13.8	10.0	11.6	42.4	0.2	42.6
1937	5.2	48.9	5/	54.1	5.9	18.0	9.1	6.0	39.0	6.6	45.6
1938	8.5	56.0	5/	64.5	6.8	19.8	9.7	5.5	41.8	0.8	42.6
1939	21.9	38.6	5/	60.5	7.0	20.2	7.4	5.6	40.2	0.7	40.9
1940	19.6	39.7	1.4	60.7	7.1	19.9	8.1	6.7	41.8	0.2	42.0
1941	18.7	43.9	8.8	71.4	7.8	19.4	8.3	6.8	42.3	5/	42.3
1942	29.1	52.9	1.5	83.5	8.3	27.2	6.8	2.1	44.4	0.5	44.9
1943	47.1	28.7	8.3	84.1	8.7	33.5	5.8	4.5	52.5	0.6	53.1
1944	31.0	22.5	4.1	57.6	7.8	18.8	5.4	10.3	42.3	3.1	45.4
1945	12.2	24.0	2.0	38.2	6.7	9.1	4.5	8.3	28.6	7.2	35.8
1946	2.4	18.9	1.6	22.9	5.5	5.4	4.9	4.2	20.0	0.6	20.6
1947	2.3	26.0	5/	28.3	5.7	5.0	5.0	6.6	22.3	2.7	25.0
1948	3.3	26.4	6.8	36.5	5.6	6.0	4.5	6.7	22.8	5.4	28.2
1949 6/	8.3	18.8	---	27.1							

1/ 1934-42, farm and commercial stocks only. Beginning in 1943, the figures also include interior mill and elevator stocks.
2/ Estimates based on trade information related to the Census of 1939.
3/ Residual item.
4/ Includes flour.
5/ Less than 50,000 bushels.
6/ Preliminary.

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Table 12.- Rye: Average price per bushel received by farmers, parity price, and price of No. 2 at Minneapolis, by months, 1939-49 1/

Year beginning July	July 15	August 15	September 15	October 15	November 15	December 15	January 15	February 15	March 15	April 15	May 15	June 15	Crop year average
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
	Average price to farmers 2/												
1939	34.3	34.2	44.0	45.1	44.6	52.3	56.7	55.7	55.6	57.1	52.4	40.3	42.6
1940	38.3	36.8	38.3	40.5	42.8	41.3	43.6	41.2	43.1	46.5	48.1	47.1	39.9
1941	46.4	49.4	57.3	51.3	54.2	57.8	65.2	66.0	64.3	60.7	59.4	52.4	52.0
1942	51.3	49.2	55.2	52.9	50.4	56.3	61.3	64.1	68.9	69.5	71.9	79.7	58.3
1943	90.9	88.6	94.5	101.0	102.0	107.0	111.0	111.0	111.0	112.0	111.0	105.0	97.7
1944	107	108	102	108	108	106	109	108	109	111	112	121	109
1945	122	124	131	138	150	143	150	164	175	195	192	145	136
1946	176	162	191	199	207	218	218	233	281	247	245	240	193
1947	236	211	248	249	249	245	247	194	214	217	212	191	227
1948	172	146	139	143	151	147	144	123	118	118	119	113	4/141
1949	120												
	Parity price to farmers												
1939	88.6	87.8	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	
1940	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.7	90.7	91.4	92.9	
1941	94.3	96.5	97.9	100	101	102	103	104	107	107	108	108	
1942	108	108	109	109	110	112	113	114	115	116	117		
1943	117	117	117	108	119	120	120	121	121	121	121	122	
1944	122	122	122	122	122	122	123	123	124	124	124	124	
1945	124	124	125	125	125	126	127	128	129	130	132	135	
1946	142	145	143	148	152	153	155	159	163	165	164	166	
1947	166	168	171	172	174	176	181	179	179	179	180	181	
1948	181	181	180	179	179	179	179	176	177	177	176	176	
1949	176												
	Price of No. 2 at Minneapolis 3/												
1939	43.1	41.7	52.7	52.1	51.0	66.9	70.3	66.5	66.5	69.5	58.8	44.9	55.9
1940	43.9	41.2	43.6	47.8	50.2	50.0	52.6	50.2	52.4	56.5	58.1	56.6	50.8
1941	54.9	61.7	67.8	60.0	64.1	67.8	80.3	78.1	75.5	71.8	69.3	60.3	65.1
1942	60.6	58.8	64.6	59.1	59.3	70.3	74.7	79.2	82.9	80.9	87.2	94.1	73.4
1943	101.2	95.4	101.4	108.5	111.0	120.2	127.0	122.5	123.5	127.1	119.4	112.1	108.1
1944	113.0	112.1	103.1	114.8	113.1	114.3	122.8	123.5	127.2	133.9	139.2	155.3	122.2
1945	152.8	144.2	151.3	164.3	183.9	175.2	198.4	212.9	235.9	269.8	284.2	---	171.8
1946	209.0	195.2	223.5	239.2	267.6	279.3	285.7	310.8	353.9	310.8	319.2	302.9	255.2
1947	254.1	246.6	281.7	285.3	282.4	276.9	276.3	241.0	256.2	253.0	241.2	224.7	264.7
1948	178.3	159.8	150.3	164.5	173.1	167.6	163.2	136.4	135.2	136.1	136.2	134.6	157.5
1949	145.4												

1/ Data in previous Wheat Situations as follows: Average price to farmers 1930-38, August 1948, page 18; 1908-29, September-October 1945, page 14. Parity price to farmers 1922-38, September-October 1945, page 15. Price of No. 2 at Minneapolis 1933-38, March-April 1945, page 18; 1915-32, June 1937, page 16.

2/ Monthly and annual prices by States weighted by sales to obtain United States averages. Includes an allowance for unredeemed loans at average loan values.

3/ Monthly average of daily prices weighted by carlot sales. Compiled from Minneapolis Daily Market Record.